

BUDGET, FINANCE & INVESTMENT COMMITTEE

May 29, 2012

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Charlie Baum
Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy, Chrm.

Others Present:

Ernest Burgess
Lisa Nolen
Harry Gill
Don Odom
Jeff Sandvig
Sheriff Robert Arnold

Others Present:

Randy Garrett
Joe Russell
Elaine Short

Chairman Ealy presided and called the meeting to order with Comm. Peay being absent.

APPROVE MINUTES:

The minutes of the May 15 and May 16, 2012 Budget Committee meetings were presented for approval.

Comm. Jordan moved, seconded by Comm. Sandlin to approve the minutes as presented.

The motion passed unanimously by acclamation.

2012-13 BUDGET REVIEW

The purpose of the meeting was to review the 2012-13 budgets for the Central Cafeteria Fund, Education Capital Projects Fund, and the General Purpose School Fund.

CENTRAL CAFETERIA FUND:

Mr. Sandvig requested approval of the 2012-13 Central Cafeteria Fund budget with projected revenue of \$17,733,200 and estimated appropriations totaling \$18,033,200 using \$300,000 of the fund balance to fund the budget. Mr. Sandvig reminded the committee that the fund balance in the Central Cafeteria Fund could not exceed 25% of the appropriations.

Comm. Sandlin moved, seconded by Comm. Shafer to approve the 2012-13 Central Cafeteria Fund budget as requested with projected revenue totaling \$17,733,200 and estimated appropriations totaling \$18,033,200.

The motion passed unanimously by acclamation.

EDUCATION CAPITAL PROJECTS FUND:

Mr. Sandvig requested approval of the 2012-13 Education Capital Projects Fund budget with projected revenue totaling \$2,374,702 and estimated appropriations totaling \$2,380,027.

Mr. Gill provided a list of capital improvements to be performed in the 2012-13 year totaling \$2,321,085 with roofing projects totaling \$1,651,085 for Lascassas Elementary, Smyrna Middle, and Smyrna Primary. Paving projects totaled \$310,000 for Wilson Elementary, Central Office, Blackman High School, and Central Magnet School. The budget included a sewer project for Lascassas Elementary School at \$240,000. The budget also included window replacements and upgrades for Holloway High School totaling \$120,000.

Comm. Sandlin moved, seconded by Comm. Jordan to approve the 2012-13 Education Capital Projects Fund budget as requested with estimated revenue totaling \$2,374,702 and estimated expenditures totaling \$2,380,027.

The motion passed unanimously by acclamation.

GENERAL PURPOSE SCHOOL FUND:

Chairman Ealy reminded the committee that at the joint meeting with the Health & Education Committee on May 22, 2012, the School Board presented \$1.4 million in cuts to the 2012-13 General Purpose School Fund budget resulting in total estimated appropriations of \$279,680,771. Subsequently, the Health & Education Committee voted unanimously to forward the recommendation to the Budget Committee.

Mr. Gill stated that through the reduction of some positions, they were able to find \$1.4 million in cuts, and fund the total budget of \$279,680,771 without a property tax increase. Mr. Gill advised that the 2012-13 General Purpose School Fund budget was driven solely by increases in staffing most of which was mandated by the state, and also increases to employee insurance. The total budget reflected an increase over the 2011-12 budget of \$12,436,219 or 4.7%. Funding for staff increased by \$8,288,946 or 5.1%. Benefits represented an increase of \$1,219,626 or 4.3% over the prior year. Medical Insurance increased by \$2,531,107 or 8.7%. Other expenditures increased by \$396,248 or .9%. Funding for equipment decreased by \$116,289 or -6.7%. Debt Service funded within the General Purpose School Fund budget increased by \$116,581 or 11.6%.

Mr. Gill advised that the estimated revenue totaled \$270,428,015, and that \$9,102,756 of the fund balance would be used along with \$150,000 of the Driver's Education Reserve to balance the budget. Mr. Gill stated that he had hoped that fund balance could be used next year to open the Stewarts Creek High School, and this recommendation might jeopardize that. The revenue collections next year might be better than anticipated, which would result in a better ending fund balance.

Mr. Gill advised that the budget included the normal step increases for certified staff and classified staff with a 2.5% state increase on the state teacher salary schedule. This resulted in an overall pay increase of 2.077% for a total increase of \$4,726,551. The Board also voted to give the same percentage increase to the classified staff. The total funding for pay increases was \$5,626,259 not including benefits, with the BEP Allocation for pay increases providing \$2,595,542.

Mr. Gill explained that the budget included 57 new regular education teachers, two alternative high school teachers to cover the fourth year math requirement, two new guidance counselors for Stewarts Creek High School for a partial year, one new librarian for Stewarts Creek High School for ten startup days, one new principal and two assistant principals for Stewarts Creek High School for a partial year, and three new assistant principals to meet SACS and teacher evaluation requirements. There was a reduction of 17.7 positions. The net increase in certified positions was 51.3 for a total cost including benefits of \$2,587,764. The budget also reflected 5.9 new classified positions for a total of 57.2 new positions.

Comm. Baum stated that at the joint meeting with the Health & Education Committee, the beginning fund balance in the General Purpose School Fund was \$18,000,000, and previously the estimated beginning fund balance was \$17,000,000. He asked for an explanation as to how the fund balance estimate was increased.

Mr. Sandvig advised that expenditures were being reduced except for items that had to be purchased to complete the fiscal year.

The Finance Director stated that a re-evaluation of the fund was done whereby the revenues and expenditures were reviewed. She stated that she would be doing the same thing for the other funds. She advised that the sales tax estimate had also been increased.

A list of other significant changes in the budget was presented.

Comm. Sandlin stated that he liked the idea that the school's budget was going to be funded using the fund balance without a property tax increase, but he was concerned about next year. He stated that if a property tax increase was going to be needed next year, he might want to look

at increasing it some this year and some next year. However, he did not believe a property tax increase was needed this year, since the budget could be funded using the ending fund balance.

Following discussion, Comm. Sandlin moved, seconded by Comm. Shafer to approve the 2012-13 General Purpose School Fund budget with projected revenue totaling \$270,428,015 and estimated expenditures totaling \$279,680,771.

The motion passed unanimously by roll call vote.

2012-13 BUDGET REVIEW

Chairman Ealy advised that the committee could review each budget at this time, and if they were ready, and a recommendation for publication could be made, thereby cancelling the meeting scheduled for Thursday May 31. She stated that if the committee was not planning to make any major changes, the recommendation for publication could be approved at this meeting.

The Finance Director reviewed the estimated revenue from property taxes with the total assessed value being \$6,104,380,956, and the value of a penny being \$582,909 for general government and \$497,290 for schools.

GENERAL FUND:

An analysis of the changes that had been made to the General Fund was distributed with the revised projected revenue totaling \$72,401,611, and the revised estimated expenditures totaling \$76,033,528. The estimated beginning Unassigned Fund Balance at July 1, 2012 was \$15,200,000, and the estimated ending Unassigned Fund Balance at June 30, 2013 was \$11,567,783, which was 15.2% of the appropriations. The General Fund currently receives \$.5840 on the property tax rate, and the same property tax rate was proposed for 2012-13.

SOLID WASTE/SANITATION FUND:

The projected revenue for the 2012-13 Solid Waste/Sanitation Fund budget was \$2,707,500, and the estimated expenditures totaled \$3,818,486 using \$1,110,986 of the fund balance. The estimated beginning fund balance at July 1, 2012 was \$3,155,000, and the estimated ending fund balance at June 30, 2013 was \$2,044,014.

AMBULANCE SERVICE FUND:

The projected revenue for the 2012-13 Ambulance Service Fund budget was \$11,352,694, and the estimated expenditures totaled \$10,637,880, increasing the fund balance by \$714,814. The estimated beginning Assigned Fund Balance at July 1, 2012 was \$3,050,000, and the estimated ending Assigned Fund Balance at June 30, 2013 was \$3,764,814. The Ambulance Service Fund currently receives \$.0829 on the property tax rate.

INDUSTRIAL/ECONOMIC DEVELOPMENT FUND:

The projected revenue for the 2012-13 Industrial/Economic Development Fund budget totaled \$24,698, and the estimated expenditures totaled \$243,777 using \$219,079 of the fund balance. The estimated beginning Assigned Fund Balance at July 1, 2012 was \$831,140, and with the receipt of the payment on the principal from the Smyrna/Rutherford County Airport Authority, the estimated ending Assigned Fund Balance at June 30, 2013 was \$666,563.

SPECIAL PURPOSE (DEA) FUND:

The Special Purpose (DEA) Fund accounts for asset forfeitures. The Finance Director reminded the committee that she was recommending that the ending balances in the fund become the beginning balances in the 2012-13 budget. If the balance in the fund was rolled today, the total would be \$135,305.

DRUG CONTROL FUND:

The projected revenue for the 2012-13 Drug Control Fund budget totaled \$440,500, and the estimated expenditures totaled \$638,600 using \$198,100 of the fund balance. The estimated beginning fund balance at July 1, 2012 was \$339,575, and the estimated ending fund balance at June 30, 2013 was \$141,475.

The Finance Director advised that it might be necessary to advance funds from the General Fund to the Drug Control Fund in August if the cash flow becomes too low. She stated if the confiscated property was not received timely money might have to be advanced to the Drug Control Fund in order to meet payroll.

HIGHWAY FUND:

The projected revenue for the 2012-13 Highway Fund budget totaled \$7,878,443, and the estimated expenditures totaled \$9,378,799 using \$1,500,356 of the fund balances. The estimated beginning Assigned and Committee Fund Balances at July 2012 were \$5,023,272, and the estimated ending fund balances at June 30, 2013 were \$3,522,916. The estimated beginning Committed Fund Balance for public works at July 1, 2012 was \$1,381,600, and the estimated ending Committed Fund Balance for public works at June 30, 2013 was \$1,365,655.

GENERAL PURPOSE SCHOOL FUND:

The projected revenue for the 2012-13 General Purpose School Fund budget totaled \$270,428,015, and the estimated appropriations totaled \$279,680,771 using \$9,102,756 of the Unassigned Fund Balance and \$150,000 of the Restricted for Drivers' Education Account. The estimated beginning Unassigned Fund Balance at July 1, 2012 was \$18,000,000, and the estimated ending Unassigned Fund Balance at June 30, 2013 was \$8,453,744.

CENTRAL CAFETERIA FUND

The projected revenue for the 2012-13 Central Cafeteria Fund budget totaled \$17,733,200, and the estimated appropriations totaled \$18,033,200 using \$300,000 of the fund balance. The estimated beginning fund balance at July 1, 2012 was \$4,150,000, and the estimated ending fund balance at June 30, 2013 was \$3,850,000.

EDUCATION CAPITAL PROJECTS FUND:

The projected revenue for the 2012-13 Education Capital Projects Fund budget totaled \$2,374,702, and the estimated expenditures totaled \$2,380,027 using \$5,325 of the fund balance. The estimated beginning fund balance at July 1, 2012 was \$1,246,605, and the estimated ending fund balance at June 30, 2013 was \$1,241,280.

GENERAL DEBT SERVICE FUND:

The projected revenue for the 2012-13 General Debt Service Fund budget totaled \$39,064,479, and the estimated expenditures totaled \$41,651,683 using \$2,587,204 of the Assigned Fund Balance. The estimated beginning Assigned Fund Balance at July 1, 2012 was \$32,751,000 and the estimated ending fund balance at June 30, 2013 was \$30,163,796.

The Finance Director provided an analysis of the estimated change in fund balances for 2012-13 reflecting that the fund balances for all funds would be reduced by a total of \$18,590,015, but all of the benchmarks would be met.

Following review Comm. Jernigan moved, seconded by Comm. Baum to approve the 2012-13 budget for publication as presented with the property tax rate remaining the same as the current rate of \$2.4652 per \$100 of assessed value.

Chairman Ealy advised that there would still be time to discuss any part of the 2012-13 budget at the regular meeting on June 7 or at any future meetings before the budget was adopted.

Comm. Jordan stated that since it appeared that the Ambulance Service Fund would end with a surplus, if the committee should consider moving one or two pennies on the property tax rate to the General Purpose School Fund or to the General Fund.

The Mayor and the Finance Director recommended not moving any pennies at this time, but advised that it might be necessary next year.

Comm. Baum stated that in August, 2011 approximately \$700,000 was amended from the General Fund's Unassigned Fund Balance with a large part of that being for Sheriff's vehicles. He noted that there would not be a great capacity to amend funds from the Unassigned Fund Balance in the coming year. He stated that the total cushion for the entire year would be approximately \$160,000.

The Finance Director stated that in August, the books would be closed and the actual ending fund balance would be known.

Following discussion, the motion to approve the 2012-13 budget for publication as presented with the property tax remaining the same as the current rate of \$2.4652 per \$100 of assessed value passed unanimously by acclamation.

BUDGET PUBLICATION:

Ms. Short advised that quotes had been received from the Daily News Journal and the Murfreesboro Post for publishing the 2012-13 budget. The quote from the Daily News Journal was \$3,326.40 plus \$25 affidavit charge (if requested). The quote from the Murfreesboro Post was the same as last year at \$1,260.

Comm. Jordan moved, seconded by Comm. Shafer to publish the 2012-13 budget in the Murfreesboro Post to be published on Sunday, June 10, 2012.

The motion passed unanimously by acclamation.

ADJOURNMENT:

Chairman Ealy advised that with the work that had been completed by the Budget Committee at this point, it would not be necessary to meet on Thursday, May 31, 2012. Therefore the meeting scheduled for Thursday, May 31, 2012 was canceled. The next meeting will be the regular meeting on June 7, 2012.

There being no further business to be presented at this time, Chairman Ealy adjourned the meeting at 6:35 P.M.

Elaine Short, Secretary